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ABSTRACT

Employee crime in the workplace is a common and rapidly growing problem in the United States. A new deterrent to such crime is the use of psychological tests to screen job applicants. The Personnel Selection Inventory (PSI), a psychological test measuring tendencies toward dishonesty, violence, and drug abuse was administered to job applicants (N=177) for positions of responsibility and trust at a department store chain. Applicants were also subjected to an intensive criminal history search; 20 applicants had been convicted of felonies, and 18 of these 20 failed the PSI pre-employment examination. The PSI was 90% effective in screening applicants with a criminal record. Applicants with criminal histories scored reliably lower than noncriminal applicants on the dishonesty, violence, and drug abuse subscales, and showed less punitive attitudes toward theft, violence and drug abuse. The PSI also screened 44% of those applicants with no criminal record. By measuring attitudes, values, and perceptions which assess a job applicant's cognitive predisposition and propensity toward theft, violence, and drug abuse, the PSI can also screen high-risk potential employee criminals with no prior record. (Author/NRB)

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Using the PSI to Screen Job Applicants with a Criminal History[1]

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Running Head: Pre-employment Screening for Criminal History

Abstract

Job applicants for positions of trust (N = 177) at a department store chain were administered the Personnel Selection Inventory (PSI), a psychological test measuring tendencies toward dishonesty, violence and drug-abuse, and were then subjected to an intensive criminal history search. Twenty applicants (11% of total) were found to have been convicted of one or more felonies. The PSI was found to be 90% effective in screening those applicants having a criminal record. Implications of these findings are discussed.

Using the PSI to Screen Job Applicants with a Criminal History

Employee crime in the workplace is a common and rapidly growing problem in the United States. Financial losses in excess of $40 billion per annum are suffered by businesses due to employees' theft, violence and illicit drug use (American Management Association, 1977; Harris, 1976). Successful strategies are needed to reduce costly instances of employee on the job crime.

Techniques currently used to deter employees' deviance at work are television monitoring devices for detection of crime, in-store patrols by security officers and undercover agents, and random polygraph examination to inhibit workers from engaging in crime. However due to growing internal crime rates, neither attempts at apprehension and punishment nor on the job security devices seem to have a reliable deterrent effect on these rates (Ash, 1973; Faltenmayer, 1970). Other crime reduction techniques appear to be needed.

Pre-employment background checks for criminal histories are an attempt to screen out job applicants who, if hired, are at high-risk to engage in employee crimes. The use of such biographical data in making hiring decisions is based on the axiom that "what a man will do in the future is best predicted from what he has done in the past" (Owens, 1976, p. 612). Thus when an employee is to be placed in a position of trust where he must handle large sums of money or engage in customer service, biographical data obtained in a background check that pertains to past criminal records becomes job relevant. For example, a convicted thief with multiple convictions is at high-risk to handle valuable merchandise and cash. A study released by Dale Systems, a merchandise security consulting firm (as cited in Walters & Gunn, 1968), documents the need of background checks for criminal histories. Their

research involving 4,000 admitted thieves revealed that 68% of them were repeaters in major thefts. Moreover, 98% of the employers of these high-risk employees did not know of their criminal records. Therefore precautions could not be taken to reduce this risk.

Background checks suffer from many scientific and practical pitfalls. Owens (1976) noted that unless a standardized questionnarie is used to obtain biographical data, the background checks will prove laborious, often unreliable, and usually lacking relevance to a given criterion. They are also expensive and time consuming. Further, arrest records generally cannot be used in background checks on dishonesty since they have an adverse impact on certain protected groups. Conviction records can be used if shown to be job related. Yet due to recent privacy legislation it is becoming difficult to obtain conviction rates in many parts of the country. Also not all convictions are permanently recorded. Finally, most crime is never detected (cf. Terris & Jones, 1980). Therefore job applicants might be potential employee thieves but their background check would provide no clue to distinguish these high-risk applicants from the low-risk applicants.

A new deterrant of employee crime that is starting to receive much scientific attention is the use of psychological tests on job applicants to screen out those who are at high-risk to steal, be excessively violent, and to use illicit drugs at work (e.g. Terris, 1979). In one study Terris (1979) found that job applicants for positions of trust who made employee theft admissions in a polygraph examination scored reliably higher on the dishonesty scale of the Personnel Selection Inventory (PSI) (London House Management Consultants, 1980) than did applicants who made little or no theft admissions. Terris (1980, Note 1) also found that job applicants who made polygraph admissions of criminal violence and illicit drug use scored significantly higher

on the violence and illicit drug use subscales of the PSI, respectively, than did applicants who did not make such criminal admissions. Higher scores on the PSI subscales indicate that job applicants hold more tolerant attitudes, values, and perceptions toward theft, violence and nonprescribed drug use. High scorers also typically engage in common rationalizations for their criminal behavior. The PSI subscales have significantly correlated with admissions of employee crime and misconduct in a series of published validation studies (Jones, 1980, a,b,c; Terris, 1979, 1980; Terris & Jones, 1980). These validity coefficients typically ranged from .4 to .8.

In a quasiexperimental study, Terris and Jones (1980, Note 2) recently found that using the PSI in pre-employment examinations for dishonesty resulted in reliably lower shrinkage (i.e., losses of money and merchandise) in a convenience store chain compared to losses accrued when pre-employment polygraph screening was used. In a district of 26 stores use of the PSI reliably reduced shrink as a percentage of sales from 2.32% when only the polygraph was used to 1.05% when only the PSI was used. Data in this study based on 850 job applicants also showed that the PSI had no adverse impact on any protected group.

The purpose of this study was to examine the relationship between the PSI and background checks in identifying job applicants with criminal felony records. It was specifically hypothesized that a person's attitudes, perceptions, opinions and values as measural by the PSI would be effective in identifying job applicants with a criminal past.

Method

Job Applicant Sample

One hundred and seventy-seven job applicants for positions of trust

from a major northeastern department store chain were sampled during 1979. All of these applicants were considered qualified by the personnel department since they had already passed a series of qualifying steps (e.g., passed the interview) before they took the PSI. All applicants were being hired for positions where there was access to considerable amounts of company money, merchandise, or property.

Procedure and Tests

The job applicants were given the Personnel Selection Inventory (PSI) (London House Management Consultants, 1980) as the last step in the department store chain's hiring process. The PSI includes three subscales that measure attitudes, values, and perceptions toward theft (dishonesty scale), violence (violence scale), and drugs/alcohol (drug-abuse scale). Reliability coefficients for the dishonesty scale, the violence scale, and the drug-abuse scale equal .95, .87, and .90 respectively. Prior research has shown that the higher the scores on these three scales, the greater one's acceptance of, tolerance for, and propensity toward committing theft, engaging in violence, and using illicit drugs, respectively. A cutoff score based upon past experience in the retail industry was selected. A person who failed the PSI was considered at high-risk to engage in employee crime based on normative data.

After the PSI examination, an intensive criminal history search was undertaken on all 177 job applicants, regardless of whether they were hired or not. The background investigation was conducted by a security consultant hired by the department store. A criminal background check was conducted in cooperation with local police agencies in the state. Both the number and types of convictions were recorded for each person. The PSI was scored by someone who was not aware of the applicant's criminal history.

Results

The major results are presented in Table 1. The background check

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Insert Table 1 Here

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identified 20 applicants with criminal records and 157 applicants with no records. While 56% of the applicants with no conviction records passed the PSI pre-employment examination, only 10% of the applicants with a criminal record passed the PSI screening procedure. This difference was statistically significant ($\underline{X}^2$ (1) = 13.3, $\underline{p} < .01$). A phi-coefficient of .28 indicates the degree of interrelatedness between the applicants' PSI pass-fail status and whether or not they had a criminal record.

Four criminal types were identified among the 20 felons. Eight applicants had been convicted for theft crimes (e.g., bank robbery), four applicants had been convicted for drug offenses (e.g., possession of an illegal substance), three applicants had been convicted for violent crimes (e.g., aggravated assault), and five applicants had polycriminal conviction records. The average number of convictions per applicant with a criminal record equaled 2.15 ($\underline{SD}$ = 1.0).

Finally, between-group analyses on the PSI three subscale scores are presented in Table 2. The applicants with a criminal history were reliably more "deviant" in their responses on all three PSI subscales compared to

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Insert Table 2 Here

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the applicants with no conviction record.

Discussion

The major finding showed that the PSI was 90% effective in screening those job applicants with criminal records. That is, 18 of 20 applicants with felony records failed the PSI pre-employment examination. In addition, applicants with criminal histories were found to score reliably lower on the dishonesty, violence, and drug-abuse subscales than did the noncriminal applicants. The typical applicants with criminal records showed less punitive attitudes toward theft, violence, and drug abuse than did their noncriminal counterparts. These findings further validate the PSI as a reliable predictor of job applicants' criminal and deviant tendencies.

While the use of the PSI was 90% effective in screening applicants with a criminal record, it also screened 44% of those people who had no such record. It should be pointed out that most crime is never detected and it is likely that a large percentage of the applicants who had no known criminal record did in fact have a history of undetected crime. In addition, some people may have the inclination to steal but not the opportunity. The PSI assesses a job applicant's cognitive predisposition and propensity toward theft, violence, and drug-abuse by measuring attitudes, values, opinions, and perceptions. Criminal background checks cannot identify the potential employee criminal who has never been apprehended and convicted of a crime or who never committed a crime due to lack of opportunity. For instance, young job applicants with little or no work experience may easily pass a background check attempting to uncover cases of employee crime (i.e., they may never have engaged in crime at work simply because they have never worked!) but still be potential deviant employees (cf. Terris, 1979).

The use of psychological tests to predict dishonesty might be favored over the background check procedure for several reasons. Economically, psychological tests are less expensive and less time consuming. And empiri-

cally, psychological tests can be more easily standardized and validated compared to background checks made by security consultants' searches of records. Many states are also banning criminal background checks due to privacy legislation. Results of this study indicate that tests such as the PSI can reliably predict background check findings and can therefore serve as a replacement for the criminal background check.

Programs to reduce employee crime are needed by businesses and industries. Pre-employment screening for dishonesty, violence, and drug-abuse tendencies is one employee crime prevention technique that has been shown effective in reducing company losses due to internal crime (Terris & Jones, 1980, Note 2). Usually high-risk job applicants are not hired. High-risk applicants can still be hired, however, but perhaps selective placement, monitoring, or counseling can reduce risk. The need to deter employees' theft, violence and illicit drug abuse at work argues for industrial psychologists becoming more involved in this area or research.

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Table 1

Percentage of Applicants Meeting the PSI Standards as a Function of Criminal History

Job Applicants' Criminal Status	Failed Test	Passed Test	Total
No Criminal Record	69 (44%)	88 (56%)	157 (89%)
Criminal Record	18 (90%)	2 (10%)	20 (11%)
Total	87 (49%)	90 (51%)	177 (100%)

Table 2

PSI Subscale Scores as a Function

of Criminal History

Dependent Variables[1]	Criminal History (N=20)		No Criminal History (N=157)		t
PSI Subscales:	M	SD	M	SD	
Dishonesty	-1.0	12.7	-16.7	11.3	5.8***
Violence	-1.3	4.6	-5.7	6.4	3.0*
Drug-abuse	+1.2	5.3	-5.2	6.5	4.2**

*$p < .01$

**$p < .001$

1. Higher score on all three subscales means more deviant tendencies.